

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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May 13, 2003

FROM: **EMIL A. MARZULLO**, Director
 Special Districts Department

**SUBJECT: APPROVE AGREEMENT WITH BLACK AND VEATCH, INC. FOR
 WATER/SEWER RATE MODELING**

RECOMMENDATION: Acting as the governing body for all Board-governed Special Districts and County Service Areas with water and sanitation powers, approve Agreement No. 03-_____ with Black and Veatch, Inc., in the amount of \$40,000, to review and update rate models and provide project management support to staff for FY 2003-04 rates, fees and budget preparation pertaining to Board-governed Special Districts providing water and sanitation services, for a period from May 13, 2003 to June 30, 2004.

BACKGROUND INFORMATION: On January 6, 1998, the Board of Supervisors awarded a contract to Black and Veatch, Inc. to conduct a comprehensive study of water and sanitation user fees and charges and to provide recommendations to implement a comprehensive user fee rate structure for all districts. As a result of the study, a user fee rate restructuring over multiple years was determined for all districts and has been brought to the Board for yearly approval beginning in FY 1999/2000. The development of the fee recommendations for the fifth year of rate restructuring (FY 2003/04) is in progress and discussions with advisory bodies and communities about the fees are currently being scheduled.

While District staff is responsible for entering current and projected data based on the scope of operations and capital projects, the rate model software is proprietary. This necessitates the use of Black and Veatch consultants whenever software modifications and adjustments are necessary. Black and Veatch has previously been retained under purchase orders for annual work.

Due to timing and limited staffing constraints, staff recommends the Board approve the award of the contract to Black and Veatch, Inc. due to this firm's extensive and successful work on the rate restructuring and resulting in-depth knowledge as to the specific needs of each district, in addition to proprietary software modifications required. This includes the following: review department's update of models; provide assistance to update existing PowerPoint presentations; meetings; and summarize findings in letter reports.

Approval of this recommendation will enable the Special Districts Department to contract with Black and Veatch to conduct rate restructuring analysis necessary to present fee adjustments to the Board at the hearings planned for June 2003.

REVIEW BY OTHERS: This action has been reviewed by County Counsel (Jean-Rene' Basle) on April 17, 2003, and by the County Administrative Office (Wayne Thies, Administrative Analyst) on April 22, 2003.

FINANCIAL IMPACT: Funding for the project (\$40,000) is available in the Water and Sanitation Division budget (SKV 105 200). No budgetary adjustment is needed.

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COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item and concurs with the department's recommendations and supports this action based on the need to adequately provide services to residents of all affected communities. The expenditures for this item will be funded from the Special Districts Department's operating budget and will have no impact to the County's general fund.

SUPERVISORIAL DISTRICT(S): First, Second and Third

PRESENTER: Emil A. Marzullo 387-5950

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